

Not used.

OUTLINE OF JAPANESE ARMY'S FIVE YEAR PLAN
10 June, 1937.

This plan is in short designed to enlarge the production by approximately several times to ten and some odd times during the 16th fiscal year of Showa (1941) concerning automobile, machinery, iron, mineral, pig-iron, steel, petroleum, synthetic petroleum, alcohol, coal, aluminum, magnesium, electric power, ship-building, car, soda, dyestuff, pulp, and gold mining. The necessary construction fund totals 8.5 billion Yen between Japan and Manchukuo (Japan 6 billion Yen, Manchukuo 2.4 billion Yen). The estimated direct and indirect subsidy of the Japanese Government for five years is 1.2 billion Yen, the budget increase for this fiscal year totals 4.2 billion Yen for five years. The civil fund to be mobilized will be 2.5 billion Yen. The total mobilization will be 17 billion yen. (The above is equal to the amount of savings to be held hereafter by the people.)

The policies for the above are as follows:

(1) Financial Policy.

1. The Bank of Japan should take charge of financing the industries.
2. The amount of Bond issued by the Industrial Bank should be increased thirteen times and the Bank should be granted a monopoly.
3. To start a national savings movement.
4. To enlarge postal savings (collection of money from door to door).
5. To intervene in the investment.
6. Maintenance of a low interest policy.
7. Execution of a sound financial policy.

(2) Trade and Exchange Policy.

1. Enforcement of a trade control act, for the shortage in the balance of trade will reach 500 million Yen.
2. To establish the Ministry of Trade.
3. A governmental trading company which should be engaged in trades of key products for national defence.
4. Encouragement of the export in textile goods.
5. Compulsory formation of the export and import guild.
6. Intensification of the export and credit guarantee.
7. Establishment of trade halls and dispatch of the resident correspondents.
8. Continuance of the import exchange permit system.
9. A power to control the custom duties should be vested in the Minister of Foreign Trade, and a double tax system and a preferential tariff for Japan and Manchukuo should be adopted.
10. Adoption of a regional dispersive buying system in foreign countries.
11. To try to attract foreign tourists.
12. Intensification of the exchange control to maintain the rate of 1 shilling 2 pence.
13. To transfer the Manchurian Central Bank's holding specie to Japan.
14. To ask for a credit of 500 million Yen from the United States, Britain, or Germany.

(3) Price Policy.

1. Maintaining and keeping in check of prices individually at the present level.
2. To examine and keep in check the import prices.
3. To strengthen the anti-profiteering ordinance (A new appointment of the price control official.)
4. To adopt a permit system concerning the rising of staple commodity prices.
5. Production and distribution should be controlled.
6. Importation of old vessels as a means for obtaining a supply of scrap iron.
7. Control of the use of important products (use restricted).
8. House rent, prices of bean paste, soy bean sauce, and meat, and electric light, gas, and water rate, should not be raised.
9. Reduction or exemption of the sugar consumption tax.
10. Governmental officials in general should wear uniforms.

(4) Industry control policy.

1. Private enterprises, as a rule, should be controlled autonomously.
2. Enlargement of the Industry Control Bureau.
3. To grant subsidies and guarantees against losses or guarantees of profits to the key industries.
4. Important matters of the key industries' business should be carried on by governmental permission.
5. Disposal of profits should be made according to governmental direction.
6. The special companies dealing with iron, petroleum, coal, electric power, aluminum, and magnesium, should be more strictly directed by government supervision.
7. Corporal punishment should be included in the penal regulation for enforcing the important industries' control act.
8. A central economic council should be established.

(5) Measures to be taken toward technicians and laborers.

1. Enlargement of various kinds of schools.
Subsidy to special training institutes.

(6) Measure for machine tool industry.

1. To create a special corporation built upon the national policy.

(7) Transportation policy.

1. Promotion of rationalization.
2. In railway the main lines in Japan, Korea and Manchuria should be double-tracked, and the freight rates for important products should be reduced.
3. In sea transportation, the importation of old vessels, the construction of superior vessels, and the improvement of harbors should be done.
4. The use of Japanese made automobiles (except Ford and Chevrolet). The improvement of roads and the standardization of motor truck's gauge. Encouragement in using Diesel motor cars.
5. Establishment of the Central Aeronautical Technical Office.
International air ways should be newly opened. Responsibility of keeping a certain number of aeroplanes should be imposed upon large aviation companies.
Encouragement and aids in manufacturing Japanese made engines.
Foundation of aviation insurance.

(8) National life stabilization policy.

1. Equal distribution of the national income to each class of the people.
2. Decentralization of the industries.
3. The burden (taxes) of farmers should be lightened.
To clear off the debts.
Compulsory establishment of health insurance associations in farm villages.
Natural damages to crops should be compensated.
4. Making peace in the labor problem and revision of the Factory Law.
5. Middle-sized and small industries should be financed. Readjustment and settlement of their debts.

(9) Financial Policy.

1. The expenditure and revenue of our empire should be estimated at 2.9 billion Yen for 1937, 3.6 billion Yen for 1938, 3.9 Billion Yen for 1939, 4.2 billion Yen for 1940, and 4.3 billion Yen for 1941.
2. These expenditures should be covered by new taxes, transfer from the special accounts, and issue of bonds.
3. The budget outside of this plan should be thoroughly eliminated.
4. The war expenditure should be also used in the production field.
5. The administrative and financial readjustment.

(10) Reform of administrative organization.

1. Establishment of the Board of State Affairs (Kokumuin).
2. Establishment of the Department of General Affairs (Somucho) (to execute this plan).
3. Establishment of the Foreign Trade Ministry.
4. Establishment of the Aviation Ministry.
5. Establishment of the Public Health Ministry.
6. The Official Appointment Regulations should be revised for the purpose of appointing civilians into the governmental services.
7. Prohibition of taking governmental officials into the service of the special corporations.

Funds required for the enlargement of the important industries of
Japan and Manchuria. (In million yen)

Name of Product	Unit	Enlargement to be started newly			Construction fund		
		Total	Japan	Manchuria	Total	Japan	Manchuria
Aeroplane					375	302	72
General Automobile	10000 cars	11	10	1	153	146	7
General Machine	10000 yen	125000	117000	80000	625	585	40
Machine Tools	"	137000	107000	30000	137	107	30
Steel	10000 tons	715	360	355	1001	504	497
Pig Iron	"	839	474	365	98		98
Ores	"	1207	477	730	97	38	58
Oil Field	"	151	151	0	100	100	0
Synthetic Petroleum	"	400	163	Liq. 149 from oil shale 86	1325	598	Liq. 621 Oil from Oil Shale 107
Alcohol	10000 tons	29	25	4	86	75	11
Total of the above three		580	341	239	1510	773	739
Coal	"	44	3400	2444	769	476	293
Aluminum	1000 tons	6	4	2	141	79	62
Magnesium	"	5	3	2	14	7	7
Electric Power	10000 K.W.	536	442	94	2477	2210	267
Ship building	10000 tons	46	36	7	129	108	21
Vehicles							
Locomotive	1 unit			88 (691)			
Freight car				3000 (7600)	28	0	28
Soda	10000 tons	20	19	4	24	19	5

Name of Product	Unit	Enlargement to be started newly			Construction Fund		
		Total	Japan	Manchuria	Total	Japan	Manchuria
Dyestuff	10000 tons	2	2	0	33	33	0
Pulp	"	58	23	5	58	81	18
Gold mining	10000 yen	21141	14174	6936	186	144	42
Others	1 ton	57	40	17	641	481	160
Total required fund					8536	6092	2444

To Mr. HIROTA, Koki, July 13, 1937.

This report enclosed herewith is an extract from the note shown to me confidentially by the Army side. Every Ministry will set to make a draft through this line. And, as soon as the programs have been drafted, they should be submitted to the Cabinet Planning Board (Kikakucho) for execution. I am sure you may get a general idea of the future administration of the country. Please keep this report top secret.

P.S. The national productive power of the year 1936 shows an increase of 216.3 per cent in comparison with the basic year 1931.

Yours respectfully,

Secretary

Akiyama.

IPS DOC. NO. 724-D

KO-KI-MITSU No. 322

July 6, 1935.

From Acting Consul NAKANE Naosuke in CHENGTE to MINAMI, Jiro, Ambassador Extraordinary Plenipotentiary in MANCHUKUO.

Re: Plans of the Manchurian Airways Company /MANSHU KOKU KAISHA/ to open a MONGOLIA-TIBET air route.

With regard to the granting of an aeroplane to Prince TE by the KWANTUNG Army, I have already reported to you by my telegram KO-KI-MITSU No. 321 dated the 6th inst.

It seems that the Manchurian Airways Co. /TN. MANSHU KOKU KAISHA/ in accordance with the plans of the KWANTUNG Army, and by taking advantage of the inroad created by the above-mentioned grant of an aeroplane has decided to establish a sister company, namely, the Mongolian Airways Company /TN/MOKO KOKU KAISHA/ (provisional title) a MANCHURIA-MONGOLIA joint concern, with a capital of three million YUAN; to plan to open a regular air route over the western region of Inner-Mongolia including, as a matter of course, PAILINGMIAO, PAOTU, etc., and extending to SINKIANG, KOKONOR and TIBET with its base at CHENGTE; and by taking advantage of the transfer of the airfield which conforms to the city-planning project of this City, to erect by September of this year, hangars to house a large number of high speed aircrafts.

The foregoing represents the outline of what had been related to me by the chief of the branch at this end of the Manchurian Airways Company /T.N. MANSHU KOKU KAISHA/. But it may be said that the policy of encircling CHINA is the universal aspirations sweeping among the main stream of officers in the Army, particularly in the KWANTUNG Army. When considered in the light of the theory of rapprochement with the South-Western faction of China which is being strongly urged lately by Major General DOIHARA and others, it seems to me that this matter is one of major significance.

The foregoing is reported for your reference.

Copies of this telegram have been sent to the following:

Minister, CHIHFENG, MUKDEN, CHINCHOU, HARBIN, MANCHOULI,
TSITSIHAR, HAILAR: Ambassador in CHINA, PEIPING, TIENTSIN,
KALGAN.